

Comptroller's Directive No. 1-17
Attachment 11
Internal Service Fund Financial Statement Template

Purpose

This attachment is used to obtain the financial statement and footnote information for internal service funds to be reported in the CAFR. This attachment is similar to prior year's Attachment 11.

Applicable agencies

The following internal service funds have been identified for fiscal year 2017.

Department of Accounts:

- Payroll Service Bureau
- Enterprise Applications (Cardinal System, Performance Budgeting System, Payroll System Replacement Project)

Note: A combining financial statement template file will be provided to DOA in a separate communication.

Department of General Services:

- Fleet Management
- Property Management (Real Estate Services, Maintenance & Repair)
- General Services (Virginia Distribution Center, Consolidated Laboratory Water Testing, Graphic Communications, Federal Surplus Property, State Surplus Property, Engineering Services)

Note: A combining financial statement template file for the Property Management Fund and the General Services Fund will be provided to DGS in a separate communication.

Department of Human Resources Management:

- Workers' Compensation
- Health Insurance Fund

Department of Treasury:

- Risk Management

Virginia Correctional Enterprises

- All Funds

Virginia Information Technologies Agency:

- Aggregate of internal service funds
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Questions For questions or to request detailed training from an analyst, please contact:
AttachmentAnalyst@doa.virginia.gov.

Please reference the attachment number in the subject line of the e-mail.

Due date **August 10, 2017**

Data entry Only cells highlighted in yellow allow for data entry. Error messages in cells are intended to alert preparers that established parameters are not being followed. **Failure to correct Errors or provide answers to all required questions prior to submission will prohibit acceptance of the attachment. Selected cells requiring a response will be populated with an “Answer Required” message until a response is entered.**

Certification The **Certification** tab requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. **By typing a name, the preparer is certifying that all of the questions have been completed and are accurate; the reviewer is certifying that the attachment has been reviewed and is complete and accurate; the preparer and reviewer were not the same individual for any tab; and the preparer and reviewer have read and understood the instructions for the attachment. If agency staffing does not allow for a different preparer and reviewer, please contact DOA.**

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**Submission
requirements**

Contact DOA if the agency has any problems with the files.

After downloading the file, rename the spreadsheet file using the agency number followed by the internal service acronym followed by Att11. For example, the Department of General Services' (agency 194) Fleet Management fund, should rename its Attachment 11.xlsx file as 194-Fleet Management-Att11.xlsx.*

Submit the Excel spreadsheet electronically to finrept-agyatt@doa.virginia.gov.

Please include **Agency Number** and **Attachment Number** in the **subject line** of the submission e-mail.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of the Excel attachment.

For your convenience, the yellow contact information cells have been linked to the remaining tabs. However, they remain unlocked to allow for more than one preparer to complete the attachment.

***Note: If the agency has an earlier version of Excel and has problems opening the attachment file, DOA can provide the attachment saved in an earlier version of Excel (.xls).**

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**Attachment
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the [Revision Control Log](#) tab in the attachment Excel file.**

Enter the revision date, applicable Excel file tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. **Only enter changes for amounts actually keyed.** For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Include “**REVISED – date**” in the **subject line** of the submission e-mail as well as in the **file name**. Resubmit the revised attachment; and ensure that the [Revision Control Log](#) tab has been completed.

Each time a revision is submitted the [Certification](#) tab should be updated with new signatures and dates.

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**General
information**

1. The templates include numerous features, including automated comments and validation messages, to assist in the preparation and review of financial data. Also, if adjustments were made by DOA to the template in the prior year, information was included in the box titled Comments for the Internal Service Fund.
2. Cash, cash equivalent, and investment footnotes (**Tab 1A, 1B, & 1C**) are designed to obtain information for **GASBS No. 40**, *Deposit and Investment Risk Disclosures*, as amended by **GASBS No. 59**, *Financial Instruments Omnibus* and **GASBS No. 72**, *Fair Value Measurement and Application*. **GASBS No. 79**, *Certain External Investment Pools and Pool Participants*, was effective beginning with FY 2016, except for certain provisions that took effect in FY 2017. Refer to **GASBS No. 79** to ensure a thorough understanding of the reporting requirements prior to completing this attachment. Refer to **Attachment 23** –Schedule of Cash, Cash Equivalents, and Investments as of June 30, for guidance on completing these tabs. In response to agency requests, **Tab 1B** is not password-protected so that agencies may add additional rows when needed without having to contact DOA or copy and paste information into the sheet from their own records. In adding rows or copying information, care must be taken to preserve the existing spreadsheet layout and column and row labels. If rows are added, please also copy the “TYPE” and “INVESTMENT” descriptions at columns A and B and the formulas at columns N, O, P, V, W, and X.
3. Due from Other State Agencies must agree to "Part 1 - Internal" worksheet at **Attachment 19** – Internal Service Funds – Conversion to Government-wide Statement of Activities. All other receivables from component units, higher education agencies, or other agencies not listed on that worksheet may be recorded as Accounts Receivable.

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**General
information,
continued**

4. **Nonnegotiable Certificates of Deposit:** Guidance is included in the instructions to the **Attachment 23** – Schedule of Cash, Cash Equivalents, and Investments as of June 30 regarding nonnegotiable certificates of deposit (CD). Nonnegotiable CDs should be reported on the applicable “cash equivalents” template line item if the original maturity is 90 days or less and they should be reported on the applicable “investment” template line item if the original maturity is greater than 90 days. Nonnegotiable CDs should continue to be treated as “deposits” for GASBS 3/40 disclosures.

5. Ensure that all footnote tabs applicable to the data entered on the statements are completed. All funds must complete **Tab 6-Commitments, Tab 7-Miscellaneous**, and **Tab 13-Cash Flow Analysis**. **Tab 3-Capital Assets** has parts 3.1 to 3.2 for **GASBS No. 42** and part 4 for **GASBS No. 72**. All Internal Service Fund agencies must also complete **Attachment 19** – Internal Service Fund – Conversion to Government-wide Statement of Activities. For additional information on **Tab 7-Miscellaneous**, question 10 regarding **GASBS No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations**, and question 16 regarding **GASBS No. 72**, refer to **Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates**, which can be found on DOA’s website at www.doa.virginia.gov. Click on the “Financial Statement Directives” link.

6. Refer to instructions on page 8 for proper recordation of activities related to Energy Performance Contracts

7. Refer to instructions on page 9 for proper recordation of lag pay.

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**General
information,
continued**

8. Each template requires completion of a fluctuation analysis of prior year and current year financial statement template balances. The prior year modified accrual basis financial statement template amounts will automatically populate into the appropriate column on the **Template Flux** tab based upon the fund selected from the drop-down list on the **Internal Service Template** tab. To determine the dollar and percentage variance that require an explanation, each agency should review the **Fluctuation Analysis Guidelines and Materiality Scopes** section of **Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates**, which can be found on DOA's website at www.doa.virginia.gov. Click on the "Financial Statement Directives" link. A formula is included on this tab in order to help with the variance determination.

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**Energy
Performance
Contracts**

The Treasury Board administers the lease financing program for energy efficiency projects. These projects are intended to reduce energy consumption and demand or allow for the use of an alternative energy source. In some cases these projects are funded through escrow financing. A bank account is established for the agency to purchase equipment or pay for other project expenses over a certain period of time. This type of funding should be reported as installment purchase obligations. Below are example entries of how to record activity related to the escrow funding of these projects.

Note: In some cases the specific financial statement template (FST) line item is not provided. Use professional judgment to determine the appropriate FST line item.

Cash Installment Purchase Obligations	Record escrow funds to be used by the agency for the energy efficiency projects.
Operating Expenses Cash	Record payments to contractors from the escrow funds.
Capital Assets Operating Expenses	Reclassify expenses that meet capitalization threshold.
Operating Expense - Interest Expense Installment Purchase Obligations Cash	Payment on installment purchase obligation.
Cash Nonoperating Revenue – Investment Income	Record investment earnings on escrow funds.
Capital Assets (for capitalizable equipment) Operating Expenses (for noncapitalizable equipment) Accounts Payable	Agency identifies payable vouchers at June 30.

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Lag Pay

The Commonwealth pays its employees on the 1st and 16th of each month. The pay the employee receives on the 1st is for the work they completed in the previous month from the 10th-24th. The pay that is generated on the 16th is for work the employee performed from the 25th of the previous month to the 9th of the current month. Below is illustrative guidance for FY 2017:

<u>Paid on:</u>	<u>Work Performed:</u>
July 1 (Monday, July 3)	June 10-June 24
July 16 (Friday, July 14)	June 25-July 9

The Commonwealth's reporting period ends June 30 of each year. However, due to lag pay, employees are not paid until the next fiscal year for work completed in the previous fiscal year.

Analyze all account 5011XX0 activity on Cardinal for the July 1 and July 16 pay.

Accounts 5011110, 5011140, 5011160, 5011170, 5011190, 5011650, 5011660, and 5011740	Due to VRS (Due to External Parties - Fiduciary Funds)
Accounts 5011150 and 5011730	Due to DHRM (Due to Other Funds) for health care premiums
Remaining 5011XX0 account codes	Salary/wages payable

All of the July 1 pay period is included and a percentage of the July 16 pay period. The percentage to use for the July 16 pay is the weekdays in the prior fiscal year divided by the total number of weekdays of the pay period.

of weekdays: June 25-June 30
 Total # of weekdays June 25-July 9

For the July 16 pay period only, account 5011150 is removed from the calculation. This code must be removed because the July 16 and August 1 health care premiums cover July.

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